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Agriculture Research Provides a Strong Rate of Return



By Marshall Matz

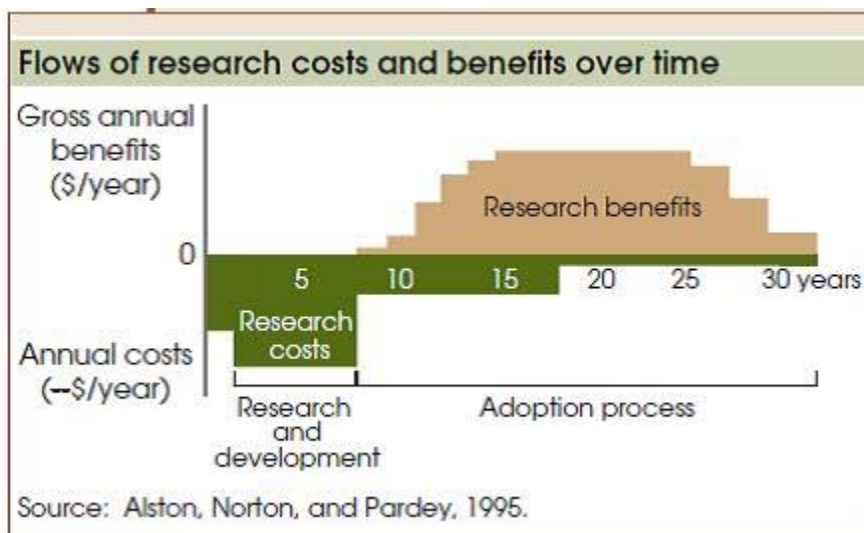
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Thomas Malthus, the renowned 18th century economist, warned that the world's food supply would not keep pace with population growth resulting in famine, disease and war. Science and agricultural research has kept the world ahead of Malthus' dire prediction but we cannot take that for granted in the future.

The Obama Administration has proven to be a strong supporter of science. Earlier this year, the White House issued a memo to all federal departments stressing the importance of research, sound science and product innovation. Last month, the U.S. Department of Agriculture (USDA), the U.S. Agency for International Development, and the Association of Public and Land Grant Universities held a forum to update the agriculture research agenda. Agricultural Secretary Tom Vilsack has noted that "the solution to global food security lies in innovation, arising from research and development."

But with the debt crisis putting pressure on all federal spending, two critical questions on this topic are facing Congress. The first is how agriculture research will fare against other priorities in the appropriations process. The second is whether agriculture research will be protected in the next farm bill or sacrificed to mitigate cuts in other farm programs and other areas of federal spending.

The benefits of agriculture research have been significant. Agriculture research, both in this country and abroad, provides a high rate of return. A recent USDA Economic Research Service report clearly proves a firm link between investments in research and improved productivity. Dr. Catherine Woteki, the USDA Under Secretary for Research, has pointed out that public investments in research earn a substantial return for the U.S. economy, with total benefits exceeding costs by at least a 20-to-1 margin. "Much of the economic benefit from this research goes to consumers, who gain from more abundant, lower cost, better quality and safer food," Woteki has noted on several occasions. "In the United States, we've seen the benefits of public research in breakthroughs that improve the productivity of our agricultural producers, giving them the tools they need to produce our food more efficiently and cost-effectively."



Source: <http://www.ers.usda.gov/publications/eb10/eb10.pdf>

Internationally, agriculture research is just as important. Agriculture research is the key to growing the national economy in less-developed countries and improving the standard of living for the majority of residents who farm. In short, agriculture research is the engine that lifts countries out of poverty.

For this reason, on May 26, 2011, Secretary Vilsack entered into a Memorandum of Understanding with the Alliance for the Green Revolution in Africa (AGRA). The goal is to assist AGRA and African countries with agriculture research, capacity-building and outreach to smallholder farmers. Many of our nation's land grant colleges have bilateral efforts underway in Africa. This MOU will enable USDA to play a leadership role and strengthen relationships with Africa. In this way the United States is also working to prevent future tragedies such the one that is unfolding in Somalia.

Despite the importance of agricultural research in maintaining our leadership in food production, however, the USDA agricultural research budget has declined in recent years with more downward pressure on the horizon. The 2011 Continuing Resolution reduced agriculture research from \$2.854 billion to \$2.602 billion. The 2012 House appropriations bill would reduce spending further to \$2.249 billion. The budget for the next farm bill seems to range from a cut of \$11 billion (over ten years) to a \$48 billion cut under the budget produced by Representative Paul Ryan (R-WI). How much of this cut, if any, would have to be absorbed by agriculture research is yet to be determined.

The bottom line is this: Agriculture research provides the basic foundation for our food and agriculture economy. Agriculture research is why our nation spends only 10 percent of its income on food. It is also why we have a trade surplus in agriculture. Agriculture research is the key to higher yields, product innovation and energy independence. New seeds that are being developed with biotechnology will require less water and, in effect, will increase the land mass of the world.

Agriculture must be a very high priority in the new budget reality. If other farm programs have to be reduced to properly fund research, it is worth the tradeoff. Agriculture research is an investment in the future. Reducing our investment in agriculture research would jeopardize our leadership and hurt the U.S. economy.

Supporters of agriculture research need to reach out to a broader range of stakeholders to survive in the new budget climate. Anti-hunger organizations, consumer groups, food safety advocates and private sector food companies all have a stake in agriculture research. They need to be brought into the coalitions that support agricultural research.

Further, the message will have to be carried not just to supporters at USDA but also to the White House, Office of Management and Budget, Office of Science and Technology Policy, and the National Economic Council.

This will not be an easy farm bill or appropriations process and the supporters of agriculture research will have to redouble their efforts and think out of the box to survive and prosper. Notwithstanding the partisan differences we have all witnessed in recent weeks, there is in fact a new budget reality. Both parties agree that the size of the deficit is not acceptable and is not sustainable. The supporters of agriculture research must prepare for a long term effort to make the case for research based on the merits and the rate of return to the US economy.

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